

Purchasing Card Program Procedures

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Department of Human Services Purchasing Card Program Procedures

These Department procedure requirements are applicable to the Department of Human Services regarding the State of Utah Purchasing Card Program. These procedures are in addition to the required State Purchasing Card Program policies and procedures.

I. Background.

The State of Utah Purchasing Card Program is administered by the Division of Purchasing & General Services in the Department of Administrative Services. For the Department of Human Services, the program is administered and coordinated by Purchasing (801-538-4130) in the Bureau of Finance, Office of Fiscal Operations.

The Purchasing Card is an alternative method for purchasing and processing payment for certain transactions.

State Purchasing has contracted with US Bank to issue Visa cards (referred to as P-Cards) to department-approved employees. All State and Department purchasing rules and regulations remain in effect. Travel costs are not allowed uses of the P-Card.

The P-Card is assigned to an employee (cardholder) who is responsible for submitting monthly supporting documentation with approvals as necessary. The cardholder is responsible for reconciling the monthly VISA statement.

State policy for this program is located on the Internet at:
<http://www.purchasing.state.ut.us>

Please contact Bureau of Finance Purchasing at (801) 538-4130 if you have questions, concerns, or problems regarding these Department procedures and the P-Card program.

II. Obtaining Card.

The Purchasing Card application is available from Purchasing in the Bureau of Finance.

The cardholder's supervisor is required to approve the P-Card application. The application will then need to be forwarded to the Division's Budget Officer for approval. The Budget Officer is responsible for ensuring that the assigned FINET coding written on the application is proper, and for assigning an appropriate purchase limit for the card.

Budget Officers may choose any amount below \$2,000 for each individual purchase. If a limit greater than \$2,000 is needed for higher purchases such as data processing equipment, the Budget Officer will need to obtain Bureau of Finance approval prior to including the higher limit on the application. The Budget Officer will also need to assign a monthly limit for the card not to exceed \$2,000. If a greater amount is needed, prior Bureau of Finance approval is required.

The approved application will then need to be forwarded by the Budget Officer to the Bureau of Finance Purchasing. Bureau of Finance Purchasing will review to ensure that an individual responsible for payment has been assigned by the Division's Budget Officer for the applicable FINET coding (see section IV.) After Bureau of Finance's approval, the application is then forwarded to State Purchasing.

The FINET coding which is to be written on the application is the account codes that will be charged for the cardholder's purchases. This coding should correspond to the FINET coding for the individual who will be issued the card. [The FINET object code will be assigned through the FINET payment process depending upon the vendor for each purchase. The object code may have to be corrected at the time the payment technician performs the review of the P-Card log and the PV3 transactions. See section IV. of these procedures regarding the FINET payment process.] The FINET coding for the clearing account will be completed by the Bureau of Finance (see section V.)

State Purchasing will send the card to Bureau of Finance Purchasing. The Bureau of Finance Purchasing will coordinate training with State Purchasing and the card applicant. When the training is completed, the cardholder will sign the letter of agreement and receive the purchasing card. A copy of the letter of agreement should be placed in the employee's personnel file. The letter of agreement is then forwarded to the Bureau of Finance Purchasing which will then be sent to State Purchasing.

III. Card Purchases.

The card may not be used for services, travel, entertainment, or any product or services normally considered to be inappropriate use of State funds. All regular FINET, State Purchasing, Department and State Accounting Policies and Procedures regarding purchasing must be followed.

The Purchasing Card Log form (a copy is available through FOLIO as an attachment to this procedure) is the record of information for P-Card transactions. Each P-Card charge must be documented by recording the date of the transaction, the name of the supplier, what was purchased, purpose of purchase, and the cost involved. A separate line item is required for each purchase. Divisions may revise the Purchasing Card Log form for their own use as long as all of the elements on the standard Department form located in FOLIO are included in the revised Division form.

Each transaction must be supported by an itemized receipt. If the purchase is between \$500.00 and \$2,000.00 and is not on contract, a telephone bid sheet must accompany the receipt showing the two price quotations received before the purchase.

The cardholder will be mailed a monthly statement identifying all transactions made against the card during the previous monthly billing cycle. The statement must be reconciled to the Purchasing Card Log and receipts by the cardholder within 3 working days of receiving the mailed statement. A copy of the statement and Log should be retained by the cardholder until the next billing cycle as back-up for the original documentation. The original statement should be attached to the Log and the envelope of receipts and then forwarded to the supervisor for review and approval. The statement, approved Log, and receipts are to be forwarded to the individual responsible for processing the P-Card transactions through FINET (FINET Technician). The statement, etc. are to be in the FINET Technician's possession no later than the 22nd of the month.

IV. Processing FINET Payment.

In order for a Division to participate in the program, a list submitted from the Budget Officer to the Bureau of Finance is required. The list will need to include the individuals responsible for processing the PV type 3 (PV3) transactions and the applicable low orgs for which they are responsible. The list will need to identify the individual responsible for payment along with the name of the individual who will be applying the second approval to the transaction and the names of back-ups for the PV3 transaction process. This list is necessary so that FINET access can be obtained for the listed individuals to be able to process the PV3 transactions. The Division's Budget Officer is required to keep their Division's list current with the Bureau of Finance.

A download is received from the bank by State Purchasing on the next business morning after the 10th of the month. State Purchasing will interface the PV3 documents within 5 working days which accounts for the P-Card transactions. The PV3 documents will then be available on the suspense file in FINET on a HELD status.

- a. These PV3 documents will be identified as follows: digit one is the last character of the fiscal year; the second digit is the letter "P" for P-Card; the next four digits are the cardholder's org assigned to each card; the following characters are sequential numbering for that particular interface. One PV3 per cardholder will be generated for every 25 separate purchases.
- b. During fiscal year closing, separate PV3s will be generated for both "old and new" fiscal years, with the purchase date determining the fiscal year. This will be done on the July download. The August download will all be processed "new year".

- c. The vendor area on the PV3 carries the cardholder's name and last digits of his/her VISA card account. The seller side of this transaction is system-required and must not be changed; it is necessary for the clearing account and the document must net to zero dollars.
- d. Accounting line 01 is the total of that cardholder's purchases in that billing cycle. Do not change any field on this line. This line will usually be a decrease to the accounting code used by State Purchasing on the payment to the bank.
- e. All subsequent accounting lines are created for each individual card purchase. Any fields on accounting lines 02 and greater may be changed or added to by the FINET Technician, in order to correctly record that particular purchase (such as correcting the object code). If that purchase requires more than one accounting line, adjust the dollar amount on that line and add accounting lines to completely distribute the expenditures.
- f. The FINET Technician is expected to review the supporting documentation received from the cardholder comparing these documents to the PV3 documents and process all transactions and obtain approvals so that the PV3 documents post no later than the 1st day of the following month.
- g. The individual assigned to place the second approval on the PV3 transactions must perform their review and approval so that the PV3 documents post no later than the 1st day of the following month.
- h. The FINET Technician must file the statement and attached Log and receipts as support for the processed PV3 following Department FINET document retention procedures in case of audit or other Department need.

V. Clearing Account.

The following FINET coding string is designated as Human Service's clearing account for the P-Card payments: fund: 100, agency: 200, org: 1901, appropriation unit: KAJ, and reporting category: OTHR. The activity code will vary depending upon the applicable Division,

EDO:	PZED
DMH:	PZMH
DSA:	PZSA
DSPD:	PZPD
ORS:	PZOR
DCFS:	PZCF
DAAS:	PZAA
DYC:	PZYC

The object code for P-Card purchases in the clearing account is 6260. In order for the P-Card transactions to process through FINET, Bureau of Finance will need to ensure that a revenue budget is established each year for revenue source code 2991.

The clearing account is used by State Purchasing to process the payment voucher to the bank. The bank payment is offset by the interface that creates the monthly PV3 transactions for the P-Card purchases.

Bureau of Finance Purchasing is responsible for monthly reviewing the clearing account to ensure that the charges are cleared out appropriately. To ensure that the account is cleared prior to the next monthly cycle of transactions, the Bureau of Finance Purchasing will approve the monthly IATs which are processed through the clearing account covering the payment to the bank.

VI. Termination of P-Card.

The employee is responsible for the security of the purchasing card and all transactions made with the card. The card is issued in their name and all purchases made with the card must be by that employee. Failure to comply with the guidelines established by this program may result in severe consequences, up to and including termination of employment.

Failure to meet Department P-Card procedures regarding timeliness may result in loss of card.

When an employee terminates or transfers to another agency, the card must be retrieved by the cardholder's supervisor, and the card must be cut in half and destroyed. Notify Bureau of Finance Purchasing by either e-mail or fax (fax#: 801-538-4291). Include the following information, the employee's name, card number, and date of termination or transfer. The Bureau of Finance will notify the State Purchasing Card Program Administrator of the cancellation. State Purchasing will notify US Bank.

VII. Telecommunication Charges.

An optional use for the P-Card is the payment of telecommunication charges. The P-Card may be used for telecommunication charges (for cellular/digital phones and pagers) which the Department is appropriately responsible for directly paying the vendor rather than having the invoice processed through State ITS.

Rather than having each user of the telecommunication device have a separate P-Card issued, Division Budget and Accounting Officers may assign an individual responsible for ensuring proper payment of a group of telecommunication devices. This optional use of the P-Card is still subject to all other required Department P-Card procedures such as the use of the log, obtaining receipt documentation, etc. Additionally, other Department procedures or instruction provided by the Office of Administrative Support related to telecommunications such as review of charges and reimbursement of personal charges are still applicable.

If a Division elects to use the P-Card for paying telecommunication charges, the Budget Officer must first contact Bureau of Finance Purchasing for coordinating the P-Card process for this option.

VIII. Other.

The cardholder is responsible for maintaining the security of the actual card and the security of the account number. As with any purchase, the cardholder should be careful if a purchase is made using the card over the Internet. Internet sites may not be secure; thus, the cardholder is responsible for adequately determining the safety of using the card over the Internet, using reputable vendors, and following State procurement rules. If the cardholder desires to use the P-Card for purchases with Office Depot over the Internet, the cardholder will need to contact Bureau of Finance Purchasing for the proper procedures. Care should be taken that Office Depot invoices, paid by the P-Card, are not confused with the other Office Depot invoices which require payment processed through FINET. The Office Depot invoices, which are paid through the P-Card, will look the same as the other Office Depot invoices except for having "VISA" shown on the bottom of the invoice next to the work payment.